360 Capital Group

Annual Report
FOR THE YEAR ENDED 30 JUNE 2014

360 CAPITAL OFFICE FUND

360 Capital Office Fund comprises
360 Capital Office Fund (ARSN 106 453 196)
and its controlled entities

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Cover image: 154 Melbourne Street, South Brisbane, QLD

The Directors of 360 Capital Investment Management Limited ("CIML"), the Responsible Entity, present their report together with the annual financial report of 360 Capital Office Fund (ARSN 106 453 196) and its controlled entities ("the Fund") (ASX:TOF) for the year ended 30 June 2014.

On 6 June 2014 the Responsible Entity of the Fund changed from 360 Capital RE Limited to 360 Capital Investment Management Limited, both entities are related by virtue of the fact they both have the same parent entity, being 360 Capital Property Limited. The Directors as listed in this report are the same and only Directors of both entities.

Directors

The following persons were Directors of the Responsible Entity during the year and up to the date of this report, unless otherwise stated:
David van Aanholt (Chairman)
Tony Robert Pitt
William John Ballhausen
Graham Ephraim Lenzner – Appointed 2 October 2013
Andrew Graeme Moffat

On 2 October 2013, 360 Capital Group Limited (formerly Trafalgar Corporate Group Limited) (ASX: TGP) acquired 360 Capital Property Limited. 360 Capital Property Limited wholly owns 360 Capital Investment Management Limited, the Responsible Entity of 360 Capital Office Fund.

Principal activities

During the year, the principal activity of the Fund was investment in commercial office properties within Australia. There have been no significant changes to the principal activities during the period.

Operating and financial review

The statutory profit attributable to the unitholders of the Fund for the year ended 30 June 2014 was $56.4 million (June 2013: $6.3 million). The statutory profit for the year ended 30 June 2014 was contributed to by a number of different transactions relating to the debt restructure, recapitalisation and listing of the Fund on the Australian Stock Exchange ("ASX"). The operating profit (profit before specific non-cash items and significant items) was $4.7 million (June 2013: $0.2 million loss).

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash items and significant items. The Directors consider operating profit to reflect the core earnings of the Fund and it is used as a guide to assess the Fund's ability to pay distributions to unitholders.

The following table summarises key reconciling items between statutory profit attributable to the unitholders of the Fund and operating profit. The operating profit information in the table has not been subject to any specific audit procedures by the Fund's auditor but has been extracted from Note 12: Segment reporting of the financial statements for the full year ended 30 June 2014, which have been subject to audit, refer to page 38 for the auditor's report on the financial statements.

Operating and financial review (continued)

	30 June 2014 $'000	30 June 2013 $'000
Profit attributable to the unitholders of the Fund	**56,399**	**6,253**
Specific non-cash items		
Net gain on fair value of investment properties	(14,845)	(933)
Net gain on fair value of rental guarantee net of cash received	187	–
Net loss/(gain) on fair value of derivative financial instruments	673	(213)
Amortisation of borrowing costs	265	455
Straight-lining of lease revenue	191	(1,000)
Amortisation of incentives and leasing fees	193	217
Significant items		
Debt forgiveness	(29,761)	(4,954)
Responsible Entity fee waiver	(8,627)	–
Operating profit (profit before specific non-cash and significant items)	**4,675**	**(175)**

The key financial highlights for the full year ended 30 June 2014 include:

- Profit attributable to the Unitholders of the Fund of $56.4 million, representing 349.8 cents per unit("cpu");
- Operating profit of 29.0cpu;
- June 2014 quarter distributions of $3.3 million, representing 4.25cpu;
- Loan to Value Ratio ("LVR") in line with the LVR at the time of the Initial Public Offering ("IPO");
- Net assets of $166.35 million;
- Net tangible assets ("NTA") per unit of $2.14 (2013: negative $182.85 per unit[1]); and
- ASX closing price at 30 June 2014 of 1.98 per Unit.

The key operational highlights for the full year ended 30 June 2014 include:

- $155.0 million recapitalisation and listing on the ASX in April 2014;
- Acquired two new properties with the proceeds of the capital raising, being 154 Melbourne Street, South Brisbane and 485 Kingsford Smith Drive, Hamilton Harbour, QLD for $135.5 million;
- Exchanged unconditional contracts for the sale of 52-56 Railway Parade, Burwood for $80.0 million, a premium of 32.7% above the 30 June 2013 carrying value of $60.3 million;
- Leased 6,700 square metres ("sqm") during the period, with no expiries during FY15;
- Occupancy of 99.6%;
- Maintained a WALE[3] of 4.2 years; and
- Portfolio WACR[4] of 8.7%.

1 The number of units on issue in the year ended 30 June 2013 has been adjusted from 198,986,314 to 198,986 to reflect the "1,000 to 1 unit consolidation" that occurred in March 2014.

2 Occupancy by area.

3 WALE: Weighted average lease expiry by income.

4 WACR: Weighted average capitalisation rate by value.

Property portfolio

The portfolio maintains its high occupancy of 99.6%; the Fund renewed the major tenant, Telstra over 3,300sqm six months prior to expiry. The balance of the Telstra tenancy was leased to Pacific Brands (approximately 2,900sqm) and to the NSW Government (520sqm). As a result of the leasing activity within Burwood over the last 6 months, the Fund has no expiries within FY15 and has commenced formal discussions with major tenant Department of Environment at 33 Allara Street, Canberra regarding their expiry in December 2015.

Property acquisition and disposal

The potential disposal of 52-56 Railway Parade, Burwood was identified during the Initial Public Offering ("IPO") marketing process. The property has significant residential development upside and given the current strength of the residential market within Sydney's inner west, the Fund commenced marketing the sale of the property via an expression of interest campaign. The Fund exchanged unconditional contracts with a private developer for $80.0 million, a premium of 32.7% above the 30 June 2013 carrying value of $60.3 million with the sale due to settle in early October 2014. The net proceeds of the sale will be used to pursue investment activities in line with the Fund's mandate.

On 29th and 30th April 2014, the Fund settled on the acquisition of 485 Kingsford Smith Drive, Hamilton Harbour and 154 Melbourne Street, South Brisbane respectively for a combined purchase price of $135.5 million. The acquisitions formed part of the IPO and provide the Fund with two near-new A-grade assets with strong leasing covenants and income profiles.

Property valuations

The valuation of the Fund's property portfolio in June 2014 resulted in a net fair value gain of $14.9 million for the year post the write-off of $8.5 million of acquisition costs.

The carrying value of the property portfolio (including investment properties held for sale and rental guarantees receivable) at 30 June 2014 was $253.5 million (2013: $94.8 million).

Capital management and funding

As part of the IPO and ASX listing the Fund entered into a new $100.0 million syndicated debt facility with Bankwest and National Australia Bank. As at 30 June 2014, the debt facility was drawn to $86.6 million, which represents a Loan to Value Ratio ("LVR") of 36.3% based on the most recent external valuations (valuations are subject to acceptance by the banking syndicate), well within the bank covenant of less than 50.0%. Cash and cash equivalents at the time of admission to the ASX have been utilised in line with the Fund's business objectives and the Product Disclosure Statement dated 24 March 2014.

Strategy and outlook

The Fund since its listing in April 2014 has delivered strong results in line with its strategy. The Fund's operational strategy over the near term includes executing its leasing strategy at 33 Allara Street, Canberra and securing an early renewal of the Department of Environment, reinvesting the Burwood disposal proceeds in accretive acquisition(s) and growing the Fund and diversifying the asset base whilst driving earnings and distributions.

Leasing markets are expected to improve in line with the broader economy however, the Fund is still subject to leasing risk which it is currently addressing as part of its leasing strategy.

The recent increase in demand for institutional grade office property investments should continue to remain strong, which may lead to further capitalisation rate ("cap rate") compression, however the ongoing value of assets may be influenced by changes in market conditions outside the Fund's control, the Fund's assets are well located within established office markets which may mitigate some of these factors.

Distributions

Distributions declared during the financial year ended 30 June 2014 are as follows:

	30 June 2014 $'000	30 June 2013 $'000
June 2014 quarter 4.25 cents per unit paid 24 July 2014	3,302	–
Total distributions	**3,302**	**–**

Fees, commissions or other charges by the Responsible Entity or Related Parties of the Responsible Entity

All fees payable to the Responsible Entity or its related parties are detailed in Note 25 to the financial statements.

Units held by the Responsible Entity or Related Parties of the Responsible Entity

As at 30 June 2014, related parties of the Responsible Entity held units in the Fund as detailed in Note 25 to the financial statements.

Buy back arrangements

As detailed in the Fund constitution, the Responsible Entity is not under any obligation to buy back, purchase or redeem units from unitholders.

Consolidation of the number of units on issue

Before listing the Fund in April 2014, the number of units on issue was consolidated through the conversion of every one thousand units into one unit in the Fund. On 24 March 2014, the Fund undertook this conversion reducing the number of units on issue to 198,986.

Number of units on issue

The total number of units on issue in the Fund as at 30 June 2014 was 77,700,118 (30 June 2013: 198,986). The number of units on issue in the year ended 30 June 2013 has been adjusted from 198,986,314 to 198,986 to reflect the 1,000 to 1 unit consolidation that occurred in March 2014.

Options

No options over issued units or interests in the Fund were granted during or since the end of the financial year and there were no options outstanding at the date of this report. The Directors and Executives of the Responsible Entity hold no options over interests in the Fund.

Environmental Issues

The Fund complied with all environmental regulations during the course of the financial year.

Significant changes in state of affairs

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the year under review other than those listed above or elsewhere in the Responsible Entity report.

Likely developments and expected results of operations

The Responsible Entity continues to implement the strategy of the Fund being to invest in commercial office properties within Australia. The Fund continues to seek to return income to unitholders through its distributions and capital growth through increasing the value of the underlying properties.

Events subsequent to balance date

There have been no circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Indemnification and insurance of Officers

During or since the end of the financial year, the Responsible Entity has paid insurance premiums to insure each of the aforementioned Directors as well as Officers of the Responsible Entity of the Fund against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity of the Responsible Entity, other than conduct involving a wilful breach of duty in relation to the Responsible Entity.

The Responsible Entity has not otherwise, during or since the end of the financial year indemnified or agreed to indemnify an officer of the Responsible Entity.

Non-audit services

The auditor of the Fund is Ernst & Young ("EY") which has remained consistent with the prior financial year. Disclosed in Note 10 were the non-audit services provided by the Fund's auditors. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Rounding of amounts

The Fund is an entity of the kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission ("ASIC"). In accordance with that Class Order, amounts in the annual financial report and Responsible Entity report have been rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

The auditor's independence declaration required under Section 307C of the Corporations Act 2001 is set out on page 5 and forms part of the Responsible Entity report for the year ended 30 June 2014.

This report is made in accordance with a resolution of the Directors.

Tony Robert Pitt
Director

Graham Ephraim Lenzner
Director

Sydney
21 August 2014

Building a better working world

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Auditor's Independence Declaration to the Directors of 360 Capital Investment Management Limited as Responsible Entity for 360 Capital Office Fund

In relation to our audit of the financial report of 360 Capital Office Fund for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
21 August 2014

The 360 Capital Office Fund (the "Fund") is a managed investment scheme registered under the Corporations Act and listed on the ASX. 360 Capital Investment Management Limited is the Responsible Entity of the Fund and is a wholly-owned subsidiary of the stapled entity comprising 360 Capital Group Limited and 360 Capital Investment Trust which together comprise the ASX-listed 360 Capital Group (360 Capital).

The Board recognises the importance of strong corporate governance and is committed to high standards of compliance. This is achieved through the Board determining appropriate governance arrangements and continually monitoring those arrangements.

To the extent they are applicable and appropriate for an entity of the Fund's size and nature, the Responsible Entity has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edn).

In accordance with ASX Listing Rule 4.10.3, set out below are the ASX Corporate Governance Council's eight principles of good corporate governance and the extent to which the Fund has sought to comply with the recommendations for each.

Principle 1: Lay solid foundations for management and oversight

The Principle requires the Fund to establish and disclose the respective roles and responsibilities of both the Board and management.

ASX recommendation/ disclosure obligation	Fund's response
1.1 Establish functions reserved to Board and those delegated to senior executives	The business of the Fund is managed under the direction of the Board of Directors (Board) of the Responsible Entity comprising Mr David van Aanholt (Chair), Mr Andrew Moffat, Mr Graham Lenzner, Mr John Ballhausen and Mr Tony Pitt. The conduct of the Board is governed by the Constitution of the Fund and the Corporations Act. The Board meets on a regular basis and is required to discuss pertinent business developments and issues and review the operations and performance of the Fund. Provision is made at each regular meeting of the Board for the consideration of critical compliance and risk management issues as they arise. The Board has delegated responsibility for the day-to-day management of the Fund to the Managing Director and Responsible Managers as stated under the Responsible Entity's Australian Financial Services licence. The Responsible Entity operates with a flat management structure with the Managing Director delegating a number of the functions, activities and duties required to be performed by the Responsible Entity to managers and external service providers.
1.2 Process for evaluating performance of senior executives	The assessments of executive performance are based on reports received from the Managing Director and the consideration of issues by directors at Board meetings. The Board oversees the performance evaluation of the management team. This is based on the business performance of the Responsible Entity, whether strategic objectives are being achieved and the development of management and personnel. Performance is formally reviewed annually by the Managing Director.
1.3 Further information as indicated in the Guide to reporting on Principle 1	A copy of the Board Charter is available at www.360capital.com.au

Principle 2: Structure the Board to add value

The Principle requires the Fund to have a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

It is the objective that the Board comprises directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the Board collectively to supervise the operations of the Fund with excellence.

ASX recommendation/ disclosure obligation	Fund's response
2.1 Majority of Board should be independent directors	The current Board of the Responsible Entity comprises five directors, four of whom are independent.
2.2 Chair should be an independent director	Mr van Aanholt has been Chairman of the Board since 2 October 2013 and is an independent director.
2.3 Roles of Chair and Chief Executive Officer should not be exercised by same individual	The roles of Chairman of the Board and Managing Director are not held by the same individual. Mr Pitt has held the role of Managing Director of the Responsible Entity since 16 December 2010.
2.4 Establish a Nomination Committee	Due to the small size of the Board it is not intended that a Nomination Committee be established. Responsibility for selecting, appointing, evaluating and removing directors of the Board of the Responsible Entity is a matter for the full Board of 360 Capital which regularly reviews the composition of the Responsible Entity Board in view of the business and strategic needs of the Fund.
2.5 Process for performance evaluation of Board, its committees and individual directors	The Board of the Responsible Entity reviews its performance and that of its committees on average once every two years. Performance is reviewed against the Board Charter, any other Board responsibilities and the Fund compliance plan.
2.6 Further information as indicated in the Guide to reporting on Principle 2	Details of each Director's relevant skills, experience and expertise, as well as their independence status and period in office are set out on the Fund's website. In determining the independence of directors, the Board has adopted the criteria set out in section 601JA(2) of the Corporations Act. In relation to the Non-Executive Directors, there are no relationships which prejudice director independence. A copy of the Board Charter is available on the website.

Principle 3: Promote ethical and responsible decision-making

The Principle requires that the Fund's Board should actively promote ethical and responsible decision-making.

ASX recommendation/ disclosure obligation	Fund's response
3.1 Establish a Code of Conduct	The Responsible Entity has adopted a Code of Conduct that sets out the minimum acceptable standards of behaviour. Directors are required to act with honesty, decency and integrity at all times. Securities dealings by Directors are subject to the restrictions of the Responsible Entity's Personal Dealing — Share Trading Policy. All dealings in Funds and in 360 Capital Group securities are recorded in a Register of Directors' Interests.
3.2 Establish a Diversity Policy	A Diversity Policy has been adopted by the Board.
3.3 Disclose measurable objectives for achieving gender diversity and progress towards achieving them	Merit is the primary basis for employment within 360 Capital and all employees and applicants for employment are treated and evaluated according to their job-related skills, qualifications, abilities and aptitudes to ensure that 360 Capital has an appropriate mix of staff and talent to conduct its business and achieve its goals. As outlined in the Diversity Policy, the Company's guiding principles prohibit decisions based on characteristics such as gender, age, race, religion, marital status, sexual preference or political belief.
3.4 Disclose proportion of women employed in organisation, women in senior executive positions and women on the Board	17% of employees are women, with one holding the position of Company Secretary of the Responsible Entities. There are no women on the Board.
3.5 Further information as indicated in the Guide to reporting on Principle 3	The Code of Conduct, Personal Dealing – Share Trading Policy and the Diversity Policy are available on the website at www.360capital.com.au.

Principle 4: Safeguard integrity in financial reporting

This Principle requires that the Fund has a structure in place to independently verify and safeguard the integrity of its financial reporting.

ASX recommendation/ disclosure obligation	Fund's response
4.1 Establish an Audit Committee	Financial reports are prepared by the Chief Financial Officer in collaboration with senior management and the Managing Director. The Board has established an Audit Committee.
4.2 Audit Committee Structure	The Audit Committee comprises the three Non-Executive, Independent Directors. The chairperson is appointed by the Board and must be a Non-Executive Director who is not the chairperson of the Board of the Responsible Entity. The chairperson reports the activities of the Audit Committee to the Board after each Committee meeting.
4.3 Formal Charter for Audit Committee	The Board has adopted an Audit Charter which sets out the Audit Committee's role and responsibilities. The Audit Committee will meet with external auditors at least annually (and more frequently if required) to review the adequacy of existing external audit arrangements and the scope of the audit.
4.4 Further information as indicated in the Guide to reporting on Principle 4	The names and qualifications of the Audit Committee members are set out on the Fund's website. The Audit Committee reviews the performance and independence of the external auditor, and makes recommendations to the Board on the appointment, reappointment, replacement, and remuneration of external auditors. The external auditor is required to rotate the partner responsible for the Fund's audit and review at least once every 5 years. The Audit Committee Charter is available on the website at www.360capital.com.au.

Principle 5: Make timely and balanced disclosure

The Principle requires the Fund to promote timely and balanced disclosure of all material aspects concerning the Fund.

ASX recommendation/ disclosure obligation	Fund's response
5.1 Continuous Disclosure Policy	ASX continuous disclosure requirements are included in the Responsible Entity's Communications Policy. The policy reflects the Board's commitment to ensuring that information that is expected to have a material effect on the price or value of the Fund's securities is immediately notified to the ASX for dissemination to the market in accordance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules.
5.2 Availability of information	The Communications Policy is available on the website at www.360capital.com.au.

Principle 6: Respect the rights of Members

The Principle requires the Fund to respect the rights of Members and facilitate the exercise of those rights.

ASX recommendation/ disclosure obligation	Fund's response
6.1 Communications Policy	A Communications Policy has been adopted by the Board reflecting its objective to ensure that Funds and 360 Capital announcements are factual and presented in a clear and balanced way, and that investors have equal and timely access to material information concerning 360 Capital, the Funds, the Responsible Entity and their investments. The delivery of financial services disclosures and relevant communications are facilitated through electronic means such as email, hyperlinks, reference to the 360 Capital website and other emerging technologies.
6.2 Further information as indicated in the Guide to reporting on Principle 6	As a managed investment scheme, the Fund is not required to hold an annual general meeting. However, the Fund does convene Unitholder meetings from time-to-time. A copy of the Communications Policy is available on the website at www.360capital.com.au.

Principle 7: Recognise and manage risk

This Principle requires the Fund to establish a sound system of risk oversight and management and internal control.

ASX recommendation/ disclosure obligation	Fund's response
7.1 Establish policies for the oversight and management of material business risks	The Board has adopted a Risk Management Statement which outlines the key material risks faced by the Responsible Entity and documents the framework and process for identifying, monitoring and mitigating risks.
7.2 Design and implement a risk management and internal control system to manage material business risks and report thereon to Board	Risk management is a continuous process with the Managing Director and members of the Responsible Entity's management team constantly interacting with staff which provides a foundation for monitoring issues on a day-to-day basis. Material business risks are documented in a risk register which is updated as necessary during management team meetings for any significant new risks or developments on existing risks. While risk identification, assessment and response decisions are made at regular management team meetings, ultimate responsibility for risk oversight and risk management rests with the Board. Managers report to the Board through their quarterly compliance returns on new risks identified for their area of responsibility which have been considered by the management team and the Board is briefed as necessary (but at least annually) on the status of the risk management system.
7.3 Assurance from Chief Executive Officer and Chief Financial Officer	The Board receives confirmation from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
7.4 Further information as indicated in the Guide to reporting on Principle 7	A copy of the Risk Management Statement is available on this website at www.360capital.com.au.

Principle 8: Remunerate fairly and responsibly

This Principle requires that the Fund ensures that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

ASX recommendation/ disclosure obligation	Fund's response
8.1 Establish a Remuneration Committee	The Fund does not comply with recommendation 8.1. Remuneration of the Responsible Entity is dealt with comprehensively in the Fund's Constitutions. Accordingly, it is considered unnecessary to maintain a Remuneration Committee. All fees and expenses of the Responsible Entity are approved by the Board.
8.2 Structure of Remuneration Committee	The Fund does not comply with recommendation 8.2, for the reasons outlined immediately above.
8.3 Distinction between structure of non-executive directors' remuneration and remuneration of directors and senior executives	There are no employees in any Responsible Entity or Fund. Remuneration of Directors and senior executives is a matter for the full Board of 360 Capital. Directors, senior executives and employees of the 360 Capital are paid by 360 Capital Financial Services Pty Limited, a wholly-owned subsidiary of 360 Capital. Directors and employees are not provided with any remuneration by any of the Funds themselves and do not receive equity in any of the Funds as a form of remuneration. Accordingly, it is considered unnecessary to have a policy which prohibits transactions in associated products which limit the economic risk of participating in unvested entitlements under equity based remuneration schemes. A distinction is made between the structure of Non-Executive Directors' remuneration from that of executive directors and senior executives. Non-Executive Directors are remunerated by way of fees in the form of cash and superannuation contributions. Fees may include payment for specific services provided for the Responsible Entity or the Fund (such as membership of the Due Diligence Committee) and are fixed by the Board of the Responsible Entity. Executive Directors and senior executives' packages are fixed and performance-based. Neither Directors nor senior executives are entitled to equity interests in any Fund or any rights to or options for equity interests in any Fund as a result of remuneration provided by the Responsible Entity. The Responsible Entity does not pay retirement benefits, other than superannuation, for its Non-Executive Directors. Remuneration of the Responsible Entity is included in the Fund's Constitution. The Responsible Entity is entitled to claim asset management fees, reimbursement for all expenses reasonably and property incurred in relation to the Fund or in performing its obligations under the Constitution.
8.4 Further information as indicated in the Guide to reporting on Principle 8	A copy of the Fund's Constitution is available on the website at www.360capital.com.au.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	30 June 2014 $'000	30 June 2013 $'000
Revenue from continuing operations			
Rental income	4	14,743	12,866
Finance revenue		75	108
Total revenue from continuing operations		**14,818**	**12,974**
Other income			
Net gain on fair value of investment properties	7	14,845	933
Net gain on fair value of rental guarantee		45	–
Net (loss)/gain on fair value of derivative financial instruments	8	(673)	213
Debt forgiveness	5	29,761	4,954
Responsible Entity fee waiver	6	8,627	–
Total other income		**52,605**	**6,100**
Total revenue from continuing operations and other income		**67,423**	**19,074**
Investment property expenses		3,014	3,043
Management fees	25	1,043	915
Other administration expenses		370	259
Finance costs	9	6,597	8,604
Net profit from continuing operations		**56,399**	**6,253**
Total comprehensive income for the year		**56,399**	**6,253**
Earnings per unit – basic and diluted – cents per unit	11	**349.8**	**3,141.9**

The above consolidated statement of profit or loss and other comprehensive income should be read with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	30 June 2014 $'000	30 June 2013 $'000
Current assets			
Cash and cash equivalents	13	4,928	2,467
Receivables	14	473	244
Investment property – held for sale	15	80,000	–
Total current assets		**85,401**	**2,711**
Non-current assets			
Investment properties	16	167,630	94,800
Rental guarantee	16	5,870	–
Total non-current assets		**173,500**	**94,800**
Total assets		**258,901**	**97,511**
Current liabilities			
Trade and other payables	18	2,433	7,893
Borrowings	19	–	79,615
Derivative financial instruments	17	–	246
Exit fee liability	25	–	1,945
Distribution payable	20	3,302	–
Total current liabilities		**5,735**	**89,699**
Non-current liabilities			
Borrowings	19	85,902	42,775
Derivative financial instruments	17	919	–
Exit fee liability	25	–	1,422
Total non-current liabilities		**86,821**	**44,197**
Total liabilities		**92,556**	**133,896**
Net assets		**166,345**	**(36,385)**
Equity			
Issued units	21	338,922	189,289
Accumulated losses		(172,577)	(225,674)
Total equity		**166,345**	**(36,385)**

The above consolidated statement of financial position should be read with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Issued units $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2013		189,289	(225,674)	(36,385)
Total comprehensive income for the year		–	56,399	56,399
Transactions with unitholders in their capacity as unitholders				
Issuance of equity	21(b)	155,000	–	155,000
Equity raising cost	21(b)	(5,367)	–	(5,367)
Distributions paid and payable	20	–	(3,302)	(3,302)
		149,633	(3,302)	146,331
Balance at 30 June 2014		**338,922**	**(172,577)**	**166,345**
Balance at 1 July 2012		189,289	(231,927)	(42,638)
Total comprehensive income for the year		–	6,253	6,253
Transactions with unitholders in their capacity as unitholders				
Distributions paid and payable		–	–	–
Balance at 30 June 2013		**189,289**	**(225,674)**	**(36,385)**

The above consolidated statement of changes in equity should be read with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Note	30 June 2014 $'000	30 June 2013 $'000
Cash flows from operating activities			
Cash receipts from customers		16,086	13,354
Cash payments to suppliers		(5,708)	(5,278)
Payments of lease incentives		(552)	(247)
Finance revenue		75	108
Finance costs		(6,032)	(3,252)
Net cash inflows from operating activities	23	**3,869**	**4,685**
Cash flows from investing activities			
Payments for additions to existing investment properties		(665)	(375)
Payments for acquisition of investment properties		(143,298)	–
Net cash outflows from investing activities		**(143,963)**	**(375)**
Cash flows from financing activities			
Proceeds from borrowings		86,580	–
Repayment of borrowings		(92,853)	(4,933)
Proceeds from issue of capital		155,000	–
Payment of transaction costs to issue capital		(5,453)	–
Payments for borrowing costs		(719)	–
Net cash inflows/(outflows) from financing activities		**142,555**	**(4,933)**
Net increase/(decrease) in cash and cash equivalents		2,461	(623)
Cash and cash equivalents at the beginning of the year		2,467	3,090
Cash and cash equivalents at the end of the year	13	**4,928**	**2,467**

The above consolidated statement of cash flows should be read with the accompanying notes.

Note 1: Statement of significant accounting policies

a) Reporting entity

The general purpose financial statements are for the entity 360 Capital Office Fund and its controlled entities ("the Fund"). The Fund is a listed Fund established and domiciled in Australia. The Responsible Entity of the Fund is 360 Capital Investment Management Limited. The registered office and the principal place of business is Level 8, 56 Pitt Street, Sydney NSW 2000 Australia. The nature of operations and principal activities of the Fund are disclosed in the Responsible Entity report.

The financial report was authorised for issue by the Board on 21 August 2014.

The principal activities of the Fund are disclosed in the Responsible Entity report and the principal accounting policies adopted in the preparation of the financial report are set out below.

b) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards ("AAS") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards (including Australian Interpretations) adopted by the AASB, being Australian equivalents to IFRS ("AIFRS"). The financial report complies with IFRS and interpretations adopted by the International Accounting Standards Board.

c) Basis of preparation

Basis of preparation

360 Capital Office Fund and its controlled entities are for-profit entities for the purpose of preparing the financial report.

The financial report has been prepared on an accruals basis and on the historical cost basis except for investment properties, rental guarantee, non-current assets held for sale and derivative financial instruments, which are stated at their fair value.

The financial report is presented in Australian dollars.

The Fund is an entity of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the financial report and Responsible Entity's report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Changes in accounting policy

As a result of new or revised accounting standards which became effective for the financial reporting period commencing 1 July 2013, the Fund has changed some of its accounting policies. The affected policies and standards that are applicable to the Fund are:

- AASB 10 *Consolidated Financial Statements*
- AASB 12 *Disclosure of Interests In Other Entities*
- AASB 13 *Fair Value Measurement*
- Improvements to AASB's 2009-2011 cycle

The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

i) Consolidated Financial Statements

AASB 10 establishes a single control model that applies to all entities including special purpose entities. AASB 10 replaces the parts of previously existing AASB 127 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and UIG-12 *Consolidation – Special Purpose Entities.*

AASB 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

To meet the definition of control under AASB 10, all three criteria must be met, including:

1) An investor has power over an investee;
2) The investor has exposure, or rights, to variable returns from its involvement with the investee; and
3) The investor has the ability to use its power over the investee to affect the amount of the investor's returns.

The Fund has reviewed its investments in other entities to determine which require consolidation under AASB 10. As a result of this review, no additional entity needs to be consolidated into the Fund financial report. Accordingly, AASB 10 does not materially impact the Fund's financial report.

ii) AASB 12 Disclosure of Interests in Other Entities

AASB 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for consolidated financial statements, unless significant events and transactions in the period require that they are provided. Controlled entities within the Fund have been disclosed in Note 26. Apart from this disclosure, there have been no significant events and transactions during the period that require additional disclosure.

iii) AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance under AAS for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASB when fair value is required or permitted. The application of AASB 13 has not materially impacted the fair value measurements carried out by the Fund. AASB 13 also requires specific disclosures on fair values. The Fund provides these disclosures in Note 22.

Critical accounting estimates

The preparation of a financial report in conformity with AAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AAS that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are disclosed in Note 1 (u).

The accounting policies set out below have been applied consistently to all periods presented in this financial report. The accounting policies have been applied consistently by all entities in the Fund.

Certain new or amended AAS have been published that are not mandatory for this reporting period. Based on management's assessment, the recently issued or amended Accounting Standards are not expected to have a significant impact on the amounts recognised or disclosures made in this financial report when restated for the application of the new or amended Accounting Standards.

The Fund has applied the amendments contained in the Corporations Amendment (Corporate Reporting Reform) Bill 2010 in the preparation of this financial report which allows for removing the requirement in consolidated financial statements to include full parent entity information. A note containing information about the Parent Entity has been included at Note 27.

d) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Fund as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are entities controlled by the Fund in accordance with AASB 10. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the financial report from the date that control commences until the date that control ceases.

Intercompany transactions, balances and recognised gains on transactions between Fund entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Fund.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the parent entity, less any impairment.

e) Segment reporting

Segment information is presented in respect of the Fund's operating segments, which are the primary basis of segment reporting. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments. The primary segments are based on the Fund's management and internal reporting structure.

Operating segments are determined based on the information which is regularly reviewed by the Managing Director, who is the Chief Operating Decision Maker within the Fund.

f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of GST paid. Revenue is recognised for the major business activities as follows:

Rental from investment properties

Rental revenue from investment properties is recognised on a straight-line basis over the lease term where leases have fixed increments, otherwise on an accruals basis. Rental revenue not received at reporting date is reflected in the statement of financial position as a receivable or if paid in advance, a current liability. Lease incentives granted are recognised over the lease term on a straight-line basis as a reduction of rental revenue.

Finance revenue

Interest income is recognised on a time proportion basis using the effective interest method. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

Other income

Other income is recognised when the right to receive the revenue has been established.

g) Finance costs

Finance costs which include interest and amortised borrowing costs are recognised using the effective interest rate applicable to the financial liability.

h) Income tax

Under current Australian income tax legislation, the Fund is not liable for income tax provided its taxable income and taxable capital gains are fully distributed to unitholders each year.

i) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

k) Receivables

Receivables are recognised initially at fair value and subsequently at amortised cost. The payment terms are usually 30 days after the invoice is raised. They are classified as current assets except where the maturity is greater than 12 months after the reporting date in which case they are classified as non-current.

Amounts not recoverable are assessed at each reporting date. Indicators that an amount is not recoverable include where there is objective evidence of significant financial difficulties, debtor bankruptcy, financial reorganisation or default in payment. Any allowances for non-recoverable receivables are recognised in a separate allowance account. Any bad debts which have previously been provided for are eliminated against the allowance account. In all other cases bad debts are written off directly to the statement of profit or loss.

l) Financial instruments

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Receivables

Receivables are recognised initially at fair value and subsequently at amortised cost. More information on the treatment is provided in Note 1 (k).

Derivative financial instruments

The Fund uses derivative financial instruments to hedge its risks associated with interest rate fluctuations. The significant interest rate risk arises from bank loans. The Fund does not use derivative financial instruments for speculative purposes.

Derivatives are initially measured at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at each reporting date. The net fair value of all derivative financial instruments outstanding at the balance date is recognised in the statement of financial position as either a financial asset or liability.

The Directors of the Responsible Entity have decided not to use the option in AASB 139: Financial Instruments: Recognition and Measurement to classify the interest rate swaps as cash flow hedges and accordingly these are classified as at fair value through profit or loss, and the changes in the fair value of the derivative financial instruments are recognised in the statement of profit or loss.

The fair value of interest rate swaps is the estimated amount that the Fund would receive or pay to terminate the swap at the balance date, taking into account current and future interest rates and the current credit worthiness of the swap counterparties.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Fund are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out in Note 1 (q) and 1(s).

Exit fee liability

Exit fee liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss. All exit fee liabilities are recognised initially at fair value which is determined by reference to a percentage (as determined by the constitution) of underlying investment property values. Liabilities are recognised on entering into the obligation in line with the constitution with settlement deferred to the date of sale of the property. Gains or losses on liabilities through re-measurement are recognised in the statement of profit or loss and other comprehensive income.

Impairment

The Fund assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

m) Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets must meet the following criteria:

- the asset is available for immediate sale in its present condition and is highly probable;
- an active program to locate a buyer and complete a sale must have been initiated;
- the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale should be completed within 12 months from the date of classification.

Immediately before applying the classification as held for sale, the measurement of the assets is brought up to date in accordance with applicable accounting standards.

Investment properties which are classified as held for sale are carried at fair value as the measurement provisions of AASB 5 Non-current Assets Held for Sale and Discontinuing Operations do not apply to investment properties.

Impairment losses determined at the time of initial classification of the non-current asset as held for sale are included in the statement of profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

n) Investment properties

Investment properties are properties which are held for the purpose of producing rental income, capital appreciation, or both.

Investment properties are initially recognised at cost including any acquisition costs. Investment properties are subsequently stated at fair value at each balance date with any gain or loss arising from a change in fair value recognised in the statement of profit or loss in the period. An external, independent valuer with appropriately recognised professional qualification and recent experience in the location and category of the property being valued, values the individual properties when considered appropriate as determined by management in accordance with a Board approved valuation policy. Valuation methods used to determine the fair value include market sales comparison, discounted cash flow and capitalisation rate. The fair value for a property may be determined using a combination of these and other valuation methods.

These external valuations are taken into consideration when determining the fair value of the investment properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without prejudice.

o) Rental guarantee

The rental guarantee is measured as the present value of the expected future cash flows under the guarantee arrangements.

p) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Fund prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

q) Borrowings

Interest bearing loans and overdrafts are initially measured at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Transaction costs are amortised over the term of the borrowing and the balance of transaction costs are amortised immediately upon a borrowing being substantially renegotiated or repaid in full.

r) Provisions

A provision is recognised in the statement of financial position when the Fund has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability.

Distributions

A provision for distributions payable is recognised in the reporting period in which the distributions are declared, determined, or publicly recommended by the Directors of the Responsible Entity on or before the end of the financial period, but not distributed at balance date.

s) Issued Units

The Fund issues units which have a limited life under the Fund's constitution and are classified as equity in accordance with AASB 132 Financial Instruments: Presentation as amended by AASB 2009-2 Amendments to Australian Accounting

Standards – Puttable Financial Instruments and Obligations Arising on Liquidation. Units are recognised at initial consideration less any costs relating to the issue.

Should the terms or conditions of the units change such that they no longer comply with the criteria for classification as equity in the revised AASB 132, the units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying amount of the equity instrument and the fair value of the liability at the date of reclassification would be recognised in equity.

Where the Fund buys back any of its units from unitholders, the consideration paid, including any directly attributable incremental costs are recognised as a reduction in equity attributable to the Fund's unitholders.

t) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

u) Critical judgements and significant accounting estimates

The preparation of the financial report requires the Responsible Entity to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities are:

Valuation of investment properties

The Directors ascertain the fair value of investment properties after having regard to independent valuations which are undertaken annually. These valuations are determined through the use of the properties' lease profile and direct market comparison and include the valuers' assessments of appropriate capitalisation rates and discounted cash flow rates. The valuations are in accordance with accounting policy note 1 (n).

Derivative financial instruments

The Fund uses derivative financial instruments to hedge its risks associated with interest rate fluctuations. The significant interest rate risk arises from bank loans. The Fund does not use derivative financial instruments for speculative purposes.

Derivatives are initially measured at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at each reporting date. The net fair value of all derivative financial instruments outstanding at the balance date is recognised in the statement of financial position as either a financial asset or liability.

The Directors of the Responsible Entity have decided not to use the option in AASB 139: Financial Instruments: Recognition and Measurement to classify the interest rate swaps as cash flow hedges and accordingly these are classified as at fair value through profit or loss, and the changes in the fair value of the derivative financial instruments are recognised in the statement of profit or loss and other comprehensive income.

The fair value of interest rate swaps is the estimated amount that the Fund would receive or pay to terminate the swap at the balance date, taking into account current and future interest rates and the current credit worthiness of the swap counterparties.

v) Accounting standards issued but not yet effective

The following new accounting standards, amendments to standards and interpretations have been issued, but are not mandatory as at 30 June 2014. They are available for early adoption, but have not been applied in preparing these financial statements. The Fund plans to adopt these standards on the effective date. The impact of these new standards and interpretations are as follows:

- AASB 9 – *Financial Instruments (Effective January 1, 2018).* This standard includes requirements to simplify the approach for the classification and measurement of financial instruments. This is not expected to materially impact the Fund.
- IFRS 15 – *Revenue from Contracts with Customers (Effective January 1, 2017).* This standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This is not expected to materially impact the Fund.
- AASB 1031 – *Materiality (Effective January 1, 2014).* The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. There is no impact on the Fund's financial statements.

In addition to above, the following amendments have been proposed due to amendments of related standards and the annual improvements cycles:

– IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation (Effective January 1, 2016)*
– AASB 2013-9 Amendments to AAS – *Investment Entities (Effective January 1, 2014 and January 1, 2015)*
– AASB 2012-3 Amendments to AAS – *Offsetting Financial Assets and Financial Liabilities (Effective January 1, 2014)*

The recently issued amendments are not expected to have a significant impact on the amounts recognised in the financial statements at the effective date.

Note 2: Financial risk management

Overview

The Fund's activities expose it to various types of financial risks including credit risk, liquidity risk, and market risk. The Board of Directors of the Responsible Entity has responsibility for the establishment and oversight of the risk management framework ensuring the effective management of risk.

The Board has established the risk management principles and policies and monitor their implementation. Policies are established to identify and analyse the financial risks faced by the Fund, to set appropriate risk limits and controls, and monitor the risks and adherence to limits. The Board meets regularly to review risk management policies and systems and ensure they reflect changes in market conditions and the Fund's activities.

The nature and extent of the financial instruments and the risk management policies employed by the Fund are discussed below.

a) Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Fund is exposed to credit risk through the financial assets listed in the table below. The table also details the maximum exposure to credit risk for each class of financial instrument.

	30 June 2014 $'000	30 June 2013 $'000
Cash and cash equivalents	4,928	2,467
Receivables	473	244
Total	**5,401**	**2,711**

The Fund manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults. At reporting date, there are no issues with the credit quality of financial assets that are neither past due nor impaired, and all amounts are expected to be received in full.

b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Board has a policy of prudent liquidity risk management ensuring that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund monitors its exposure to liquidity by ensuring that there is sufficient cash on hand to meet the contractual obligations of financial liabilities as they fall due.

The maturities of financial liabilities at reporting date based on the contractual terms of each liability in place at reporting date have been disclosed in a table in Note 22. There are no financial liabilities where the fair value would be materially different from the amortised cost. The amounts disclosed are based on undiscounted cash flows.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Fund's market risk is managed in accordance with the investment guidelines as outlined in the Funds Product Disclosure Statement.

Interest rate risk

The Fund's interest rate risk arises from long term borrowings and cash balances. The Fund manages this exposure by fixing its interest rates on borrowings using interest rate swaps.

The potential impact of a change in interest rates by +/-1% on profit and equity has been disclosed in a table in Note 22.

Other markets risk

360 Capital Office Fund does not have any material exposure to any other market risks such as currency risk or equity price risk.

d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The Fund uses a variety of methods to calculate the value of financial instruments and makes assumptions that are based on market conditions existing at each balance date. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate for similar financial instruments.

e) Capital Management

Under the direction of the Board, the Fund manages its capital structure to safeguard the ability of the Fund to continue as a going concern while maximising the return to unitholders through the optimisation of net debt and total equity balances.

In order to maintain or adjust the capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units, purchase the Fund's own units, or sell assets to reduce debt.

There were no changes in the Fund's approach to capital management during the year.

Note 3: Distributions

Total distributions paid or payable to unitholders by the Fund:

	30 June 2014 $'000	30 June 2013 $'000	30 June 2014 Cents per unit	30 June 2013 Cents per unit
Distributions to unitholders	3,302	–	4.25	–

Note 4: Rental income

	30 June 2014 $'000	30 June 2013 $'000
Base rent	14,119	11,646
Straight-lining of lease revenue	(191)	1,000
Recoverable outgoings	1,008	437
Amortisation of incentives and leasing fees	(193)	(217)
	14,743	12,866

Note 5: Debt forgiveness

On 9 January 2014, 360 Capital RE Limited, the Responsible Entity of the 360 Capital Developments Income Fund ("DIF") announced that Unitholders had approved the Liquidity Proposal put forward to wind up the fund which included settling the related party debt owed by the 360 Capital Office Fund. The conditions of the Liquidity Proposal were satisfied upon listing of the Fund on the ASX, DIF removed its entitlement to a portion of debt owing from the 360 Capital Office Fund amounting to $29,761,144.

In the prior financial year (2013), the Fund had a liability owing, in the way of a surrender payment, to the 360 Capital Development Fund No.1 ("vendor") of $4,954,486. The surrender payment was agreed with the vendor in exchange for the vendor surrendering the sale contract under which the Fund had previously agreed to purchase a property at 289 Wellington Parade South, East Melbourne, VIC. The payment agreed was calculated as the difference between the originally agreed purchase price and that obtained by the vendor when subsequently selling the property to a new purchaser. Under the surrender arrangement, the Fund was required to pay 12% interest from 15 December 2009 on any unpaid amounts. The 360 Capital Development Fund No.1 was wound up during the year ended 30 June 2013 and as such provided the Office Fund with forgiveness of this facility. This resulted in $4.9m being written back to the profit and loss during the 2013 year.

Note 6: Responsible entity fee waiver

Upon listing of the Fund on the ASX, 360 Capital RE Limited, the Responsible Entity at the time removed its entitlement to outstanding exit and management fees resulting in a gain of $8,626,937 which was the total of amounts outstanding.

Note 7: Net gain on fair value of investment properties

	Note	30 June 2014 $'000	30 June 2013 $'000
Fair value gain of investment properties held for sale	15	19,332	–
Fair value (loss)/ gain of investment properties	16	(4,487)	933
		14,845	933

Note 8: Net (loss)/gain on fair value of derivative financial instruments

	30 June 2014 $'000	30 June 2013 $'000
Fair value (loss)/gain on financial derivatives	(673)	213
	(673)	213

An interest rate swap hedge covering $35 million at a rate of 3.87% expired in January 2014. Subsequent to the expiry of this hedge the fund looked to hedge its interest rate exposure as part of the Fund recapitalisation. On 21 May 2014 the Fund entered into two new interest rate swaps with Bankwest and National Australia Bank due to expire in May 2017. The total notional value of the swaps amount to $86.5 million with a blended fixed rate of 3.23% which is applicable for the 3 year term.

Note 9: Finance costs

	30 June 2014 $'000	30 June 2013 $'000
Interest paid or payable on debt facilities	6,332	8,149
Amortisation of capitalised borrowing costs on debt facilities	265	455
	6,597	8,604

Note 10: Auditors' remuneration

	30 June 2014 $	30 June 2013 $
Audit services – EY		
Audit services	54,473	44,343
Other assurance services	108,150	–
Audit of compliance plan	2,800	2,650
	165,423	**46,993**
Other services – EY		
Taxation compliance services	69,150	24,900
	234,573	**71,893**

Note 11: Earnings per unit

	30 June 2014 ¢	30 June 2013 ¢
Basic and diluted earnings per unit	349.8	3,141.9

	$'000	$'000
Basic and diluted earnings		
Net profit attributable to unitholders	56,399	6,253

	000's	000's
Weighted average number of units		
Weighted average number of units	16,124	199

Earnings for the year ended 30 June 2013 were 3.14 cents per unit pre consolidation. The comparative has been adjusted to 3,141.9 cents per unit for the 24 March 2014 "1,000 to 1 unit consolidation". The weighted average number of units on issue in the year ended 30 June 2013 has also been adjusted from 198,986,314 to 198,986 to reflect the consolidation of units.

Note 12: Segment reporting

The Fund invests solely in office properties within Australia.

The Chief Operating Decision Maker being, the Managing Director of the Responsible Entity, monitors the performance and results of the Fund at a total Fund level. As a result, the Fund has only one segment. Operating profit is a financial measure which is not prescribed by AAS and represents the profit under AAS adjusted for specific non-cash items and other significant items which management consider to reflect the core earnings of the Fund and is used as a guide to assess the Fund's ability to pay distributions to unitholders.

The following table summarises key reconciling items between statutory profit attributable to the unitholders of the Fund and operating profit.

	30 June 2014 $'000	30 June 2013 $'000
Profit attributable to the unitholders of the Fund	**56,399**	**6,253**
Specific non-cash items		
Net gain on fair value of investment properties	(14,845)	(933)
Net gain on fair value of rental guarantee net of cash received	187	–
Net loss/(gain) on fair value of derivative financial instruments	673	(213)
Amortisation of borrowing costs	265	455
Straight-lining of lease revenue	191	(1,000)
Amortisation of incentives and leasing fees	193	217
Significant items		
Debt forgiveness	(29,761)	(4,954)
Responsible entity fee waiver	(8,627)	–
Operating profit (profit before specific non-cash and significant items)	**4,675**	**(175)**
Weighted average number of units ('000)	16,124	199
Operating profit/(loss) per unit (profit before specific non-cash and significant items) (EPU) – cents	**29.0**	**(87.9)**

The operating loss for the year ended 30 June 2013 was 0.1 cents per unit pre consolidation. The comparative has been adjusted to 87.9 cents per unit for the March 2014 "1,000 to 1 unit consolidation". The weighted average number of units on issue in the year ended 30 June 2013 has also been adjusted from 198,986,314 to 198,986 to reflect the consolidation of units.

Note 13: Cash and cash equivalents

	30 June 2014 $'000	30 June 2013 $'000
Cash at bank	4,928	2,467
Cash and cash equivalents in the statement of cash flows	4,928	2,467

Note 14: Receivables

	30 June 2014 $'000	30 June 2013 $'000
Current		
Trade receivables	127	19
Prepayments and other receivables	346	225
	473	**244**

a) Bad and doubtful trade receivables

During the year, the Fund incurred $69,136 (2013: $Nil) in respect of provisioning for bad and doubtful trade receivables. At balance date the provision for bad and doubtful debts was $69,136 (2013: $Nil).

b) Fair values

The receivables are carried at amounts that approximate their fair value.

c) Credit risk

The Fund reviews all receivables for impairment. Any receivables which are doubtful have been provided for.

The ageing of trade receivables at the reporting date was as follows:

	30 June 2014 $'000	30 June 2013 $'000
Current	8	2
1 to 3 months	147	13
More than 3 months	41	4
	196	**19**

As at 30 June 2014, trade receivables of $133,516 (2013: $17,234) were past due but not impaired.

Note 15: Investment property – held for sale

	30 June 2014 $'000	30 June 2013 $'000
Railway Parade, Burwood, NSW	80,000	–
Total	**80,000**	**–**
Less: lease income receivable	(1,164)	–
	78,836	**–**

Assets are classified as held for sale when it is considered highly probable that they would be sold within 12 months of the balance date.

The Fund exchanged unconditional contracts with a private developer for $80.0 million, with the sale due to settle in the first week of October 2014. The most recent external valuation undertaken on the property was performed by Colliers International valuing the property at $65.0 million as at 31 December 2013.

Movement during the year:

	Note	30 June 2014 $'000	30 June 2013 $'000
Opening balance as at 1 July		–	–
Transfer from investment properties	16	60,300	–
Additions to investment properties		626	–
Other movements in lease incentives		(108)	–
Amortisation of incentives and leasing fees		(150)	–
Net gain on fair value of investment property	7	19,332	–
Closing balance		**80,000**	**–**

Valuation basis

Assets held for sale are carried at fair value, representing the amount that would be received upon sale of the asset between market participants at balance date in accordance with Australian Valuation Standards. Refer to Note 1(m) for further discussion on non-current assets classified as held for sale.

Note 16: Investment properties

		Book value		Capitalisation rate		Discount rate			
	Date of acquisition	30 June 2014 $'000	30 June 2013 $'000	30 June 2014 %	30 June 2013 %	30 June 2014 %	30 June 2013 %	Date of last external valuation	Last external valuation $'000
Investment property valuations									
Railway Parade, Burwood, NSW[1]	Feb 07	–	60,300	–	9.75	–	9.75	Dec 13	65,000
485 Kingsford Smith Drive, Hamilton, QLD	Apr 14	**64,000**	–	**8.00**	–	**8.75**	–	Jun 14	64,000
154 Melbourne St, South Brisbane, QLD	Apr 14	**75,000**	–	**8.00**	–	**8.75**	–	Jun 14	75,000
33 Allara St, Canberra, ACT	Dec 05	**34,500**	34,500	**10.25**	10.75	**11.50**	10.75	May 14	34,500
Total		**173,500**	94,800						**238,500**
Comprises:									
Fair value of Rental guarantee receivable		**5,870**[2]	–						
Investment Properties		**167,630**	94,800						
Total		**173,500**	94,800						
Less lease income receivable		**(1,503)**	(2,548)						
		171,997	92,252						

1 Investment property reclassified to held for sale during the year.

2 The rental guarantee is measured as the present value of the expected future cash flows under the guarantee arrangements. The rental guarantee has been capitalised and relates to the agreement with the vendor of the recently acquired property at 485 Kingsford Smith Drive, Hamilton Harbour, Brisbane.

	Note	30 June 2014 $'000	30 June 2013 $'000
Movement during the year:			
Opening balance as at 1 July		94,800	92,500
Transfer to investment property held for sale	15	(60,300)	–
Additions to investment properties		–	341
Acquisitions		143,298	–
Net (loss)/gain on fair value of investment properties		(4,487)	933
Fair value gain on rental guarantee		45	–
Other movements of lease incentives		187	1,243
Amortisation of incentives and leasing fees		(43)	(217)
Closing balance		**173,500**	**94,800**

On 29th and 30th April 2014, the Fund settled on the acquisition of 485 Kingsford Smith Drive, Hamilton Harbour and 154 Melbourne Street, South Brisbane respectively for a combined purchase price of $135.5 million (cash paid for the purchases was $143,298,000 which included stamp duty and legal costs). The acquisitions formed part of the IPO and provide the Fund with two near new A-grade assets with strong leasing covenants and income profiles.

a) Valuation basis

Investment properties are carried at fair value. Fair value of the properties is determined by the Directors, having regard to the independent valuations prepared by valuers with appropriately recognised professional qualification and recent experience in the location and category of the property being valued. Valuation methods used to determine the fair value include market sales comparison, discounted cash flow and capitalisation rate. The fair value for a property may be determined using a combination of these and other valuation methods. As discounted cash flow and capitalisation rate use unobservable inputs, the investment property is categorised as Level 3 under the Fair Value Hierarchy. These inputs include net passing rent, gross market rent and net market rent as set out in Note 16(c). For all investment properties current use reflects highest and best use.

Market sales comparison: The sales comparison approach utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile, to indicate the fair value of a property. Where there is a lack of recent sales, activity adjustments are made from previous comparable sales to reflect changes in economic conditions.

Discounted cash flow: Projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property relative to returns from alternative investments, CPI rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at terminal value. The terminal value is determined by using an appropriate capitalisation rate on termination ("termination yield").

Capitalisation rate: An assessment is made of fully leased net income based on contracted rents, market rents, operating costs and future income on vacant space. The adopted fully leased net income is capitalised in perpetuity from the valuation date at an appropriate capitalisation rate. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by current sales evidence. Various adjustments, including incentives, capitalised expenditure and reversions to market rent are made to arrive at the property value.

b) Leases as lessor

The investment properties (including investment properties classified as held for sale) are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments under non-cancellable operating leases of the investment properties not recognised in the financial statements are receivable as follows:

	30 June 2014 $'000	30 June 2013 $'000
No later than 12 months	21,643	10,988
Between 12 months and five years	49,589	13,666
Greater than five years	24,534	374
	95,766	**25,028**

c) Sensitivity information

Inputs	Fair value measurement sensitivity to increase in input	Fair value measurement sensitivity to decrease in input
Net passing rent	Increase	Decrease
Gross market rent	Increase	Decrease
Net market rent	Increase	Decrease
Adopted capitalisation rate	Decrease	Increase
Adopted terminal yield	Decrease	Increase
Adopted discount rate	Decrease	Increase

Capitalisation and discount rates are considered significant Level 3 inputs. Refer to Note 22 for further information.

Net passing rent is the contracted amount for which a property or space within a property is leased. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).

Gross market rent is the estimated total amount for which a tenancy within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion.

Net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).

Note 17: Derivative financial instruments

	30 June 2014 $'000	30 June 2013 $'000
Current liabilities		
Interest rate swap contracts – fair value	–	246
Non-current liabilities		
Interest rate swap contracts – fair value	919	–
Total	**919**	**246**

The Fund utilises derivative financial instruments to hedge exposure to fluctuations in interest rates.

a) Interest rate swap contracts

Interest-bearing liabilities of the Fund carried a weighted average effective interest rate of 4.9% (2013: 6.5%). The debt may be protected all or in part from exposure to increasing interest rates, and to ensure steady cash flow of the Fund. Accordingly, the Fund has entered into interest rate swap contracts totalling $86.5 million under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. The fixed interest rate is 3.23% (2013: 3.87%).

Swaps currently in place cover approximately 99.9% (2013: 76.6%) of the loan principal outstanding and are timed to expire as each loan repayment falls due.

The contracts require settlement of net interest receivable or payable each month. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

As explained in Note 1 (l), the interest rate swaps have not been designated as hedges for accounting purposes and hence all changes in fair value are recognised immediately in the statement of comprehensive income.

Note 18: Trade and other payables

	30 June 2014 $'000	30 June 2013 $'000
Trade payables and accruals	2,433	7,893
	2,433	**7,893**

All trade and other payables are expected to be settled within 12 months.

Note 19: Borrowings

	30 June 2014 $'000	30 June 2013 $'000
Current		
Borrowings – banks	–	2,667
Borrowings – related party	–	76,948
	–	**79,615**
Non-current		
Borrowings – banks	86,580	43,000
Total borrowings	**86,580**	**122,615**
Capitalised borrowing costs (non-current)	(678)	(225)
	85,902	**122,390**
Borrowings – banks		
Total facility limit	100,000	45,667
Used at end of reporting date	86,580	45,667
Unused at end of reporting date	**13,420**	**–**
Movement during the year:		
Opening balance	122,615	123,102
Repayment of bank borrowings	(45,667)	–
Capitalised interest on related party debt (DIF)	3,588	4,446
Related party borrowings forgiven (Development Fund No.1)	–	(4,933)
Repayment of related party debt (DIF)	(50,775)	–
Related party borrowings forgiven under liquidity proposal (DIF)	(29,761)	–
New borrowings	86,580	–
Closing balance	**86,580**	**122,615**

a) Loan facilities summary

National Australia Bank ("NAB") facility repaid during the year

On 24 July 2013, the Fund extended the NAB facility from 31 December 2013 to 31 December 2014 and negotiated a reduction in the margin to 2.4%. Monthly amortisation payments of $333,334 ceased from May 2013 to October 2013 to allow the Fund to partially service the interest on the loan from DIF during the year. The Fund's debt amortisation was reinstated in November 2013. On 17 April 2014, the outstanding amount of the NAB loan amounting to $43,666,986 was repaid with the proceeds received from the capital raise.

Syndicated facility: NAB and Bankwest

As part of the IPO and ASX listing the Fund entered into a new $100.0 million syndicated debt facility with Bankwest and NAB which was drawn to $86.6 million as at 30 June 2014

360 Capital Developments Income Fund facility

The related party debt was a loan from DIF, which was due to expire in December 2013. During December 2013, the debt was extended to 1 April 2014. Interest was capitalised at a rate of 10% per annum. During the year, $1,272,000 was paid to partially service the interest on the loan.

On 9 January 2014, DIF unitholders approved the Liquidity Proposal to assist in the listing and recapitalisation of the Office Fund. Under the Liquidity Proposal, the outstanding loan of $79,263,513 owing at the time of listing was settled through a forgiveness and repayment plan whereby DIF unitholders elected to receive cash or purchase the Office Fund units at an effective discount of 20% to the price offered to other investors and the general public. An amount of $49,502,368 was settled in this manner with the remaining $29,761,145 being waived (refer to Note 5).

360 Capital Development Fund No.1 facility

360 Capital Development Fund No.1 was wound up during the 2013 financial year and as such forgave the receivable of $4.9 million due from the Fund.

b) Funding Covenants

All loan facilities are subject to standard commercial covenants consistent with the type of loan including Loan to Value Ratio, Interest Cover Ratio & Negative Variations. At the date of this report, the Fund complies with all debt covenants.

As at 30 June 2014 the debt facility was drawn to $86.6 million, which represents a LVR of 36.3% based on the most recent external valuations adopted (subject to acceptance by the banking syndicate), which complied with the bank covenant of less than 50%.

As at 30 June 2014 the interest cover ratio was calculated to be 5.0 times, which complied with the bank covenant of nothing less than 2.0 times.

c) Assets pledged as security

The loans are secured by a registered first mortgage over the investment property.

The carrying amounts of assets pledged as security are:

	Note	30 June 2014 $'000	30 June 2013 $'000
Investment properties held for sale	15	80,000	–
Investment properties	16	173,500	94,800
		253,500	**94,800**

Note 20: Distribution payable

	30 June 2014 $'000	30 June 2013 $'000
Distribution payable	3,302	–

The distribution was paid on 24 July 2014.

Note 21: Equity

(a) Issued Units

	30 June 2014 000's	30 June 2013 000's
360 Capital Office Fund – Ordinary units issued	77,700	199

	$'000	$'000
360 Capital Office Fund – Ordinary units issued	338,922	189,289

(b) Movements in issued units

Movements in issued units of the Fund for the year ended 30 June 2014 were as follows:

Movement in number of issued units:

	000's	000's
Opening balance	198,986	198,986
1 for 1,000 units consolidation on 24 March 2014	(198,786)	–
Capital Raise (IPO) placement on 17 April 2014	77,500	–
Closing balance	**77,700**	**198,986**
Closing balance (comparative adjusted for 1 for 1,000 consolidation)	**77,700**	**199**

Movement in value of issued units:

	$'000	$'000
Opening balance	189,289	189,289
Capital Raise (IPO) placement on 17 April 2014	155,000	–
Capital Raise costs	(5,367)	–
Closing balance	**338,922**	**189,289**

The Fund was admitted to the ASX and official quotation of the Fund's units commenced on 24 April 2014. Existing unitholders approved the listing whereby their units were consolidated and received 1 for every thousand held. The initial public offering was completed on 17 April 2014 when 77,500,000 new units were issued at a price of $2.00 per unit.

(c) Capital management

The Fund regards net assets attributable to unitholders as its capital. The object of the Fund is to provide unitholders with regular partly tax advantaged income distributions and moderate capital growth over the longer term. The Fund aims to achieve this objective mainly through investing in commercial office assets.

Note 22: Financial instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Fund as at 30 June 2014:

	Amortised cost $'000	Fair value profit or loss $'000
Financial assets		
Total non-current	**–**	**–**
Receivables	473	–
Total current	**473**	**–**
Total	**473**	**–**
Financial liabilities		
Borrowings	86,580	–
Derivative financial instruments	–	919
Total non-current	86,580	919
Trade and other payables	2,433	–
Distributions payable	3,302	–
Total current	**5,735**	**–**
Total	**92,315**	**919**

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2014:

	Carrying amount $'000	Fair value $'000
Financial assets		
Receivables	473	473
Total current	**473**	**473**
Total	**473**	**473**
Financial liabilities		
Borrowings	85,902	86,580
Derivative financial instruments	919	919
Total non-current	86,821	87,499
Trade and other payables	2,433	2,433
Distributions payable	3,302	3,302
Total current	**5,735**	**5,735**
Total	**92,556**	**93,234**

Risk management activities

Credit risk

The carrying amounts of financial assets included in the statement of financial position represent the Fund's exposure to credit risk in relation to these assets. Credit risk management is detailed in Note 14 (Receivables).

Interest rate risk

The key source of interest rate risk for the Fund is derived from borrowings. The Fund manages this exposure by entering into interest rate swap agreements to fix a portion of the interest charged on its borrowings.

The Fund's exposure to interest rate risk by maturity period is:

	Floating interest rate $'000	Fixed interest maturing in 1 year or less $'000	Fixed interest maturing in 1 to 5 years $'000	Fixed interest maturing more than 5 years $'000	Non-interest bearing $'000	Total $'000
30 June 2014						
Financial assets						
Cash and cash equivalents	4,928	–	–	–	–	4,928
Trade and other receivables	–	–	–	–	473	473
Total financial assets	**4,928**	**–**	**–**	**–**	**473**	**5,401**
Weighted average interest rate	2.45%					
Financial liabilities						
Trade and other payables	–	–	–	–	2,433	2,433
Borrowings	80	–	86,500	–	–	86,580
Derivative financial instruments	–	–	–	–	919	919
Total financial liabilities	**80**	**–**	**86,500**	**–**	**3,352**	**89,932**
Weighted average interest rate	4.16%		4.91%			
Net financial assets (liabilities)	**4,848**	**–**	**(86,500)**	**–**	**(2,879)**	**(84,531)**
30 June 2013						
Financial assets						
Cash and cash equivalents	2,467	–	–	–	–	2,467
Trade and other receivables	–	–	–	–	244	244
Total financial assets	**2,467**	**–**	**–**	**–**	**244**	**2,711**
Weighted average interest rate	2.70%					
Financial liabilities						
Trade and other payables	–	–	–	–	7,893	7,893
Borrowings	10,667	111,948	–	–	–	122,615
Derivative financial instruments	–	–	–	–	246	246
Total financial liabilities	**10,667**	**111,948**	**–**	**–**	**8,139**	**130,754**
Weighted average interest rate	5.82%	5.24%				
Net financial assets (liabilities)	**(8,200)**	**(111,948)**	**–**	**–**	**(7,895)**	**(128,043)**

Summarised interest rate sensitivity analysis

The table below illustrates the potential impact a change in interest rates by +/-1% would have had on the Fund's profit and equity.

		Change in interest rate -1%		Change in interest rate 1%	
	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
30 June 2014					
Financial assets					
Cash and cash equivalents	4,928	(49)	(49)	49	49
Financial liabilities					
Borrowings	86,580	1	1	(1)	(1)
Derivative financial instruments	919	(2,453)	(2,453)	2,379	2,379
Total increase (decrease)		**(2,501)**	**(2,501)**	**2,427**	**2,427**
30 June 2013					
Financial assets					
Cash and cash equivalents	2,467	(25)	(25)	25	25
Financial liabilities					
Borrowings	122,615	107	107	(107)	(107)
Derivative financial instruments	246	(182)	(182)	181	181
Total increase (decrease)		**(100)**	**(100)**	**99**	**99**

Liquidity risk

The following are contractual maturities of financial liabilities, including estimated interest payments (using existing variable interest rates):

	Carrying amount $'000	Contractual cash flow $'000	Less than 1 Year $'000	Between 1-5 Years $'000	Over 5 Years $'000
30 June 2014					
Trade and other payables	2,433	2,433	2,433	–	–
Distribution payable	3,302	3,302	3,302	–	–
Borrowings	86,580	97,294	3,834	93,460	–
Derivative financial instruments	919	1,174	420	754	–
	93,234	**104,203**	**9,989**	**94,214**	**–**
30 June 2013					
Trade and other payables	7,893	7,893	7,893	–	–
Variable interest rate (Bank borrowings)	45,667	49,420	5,221	44,200	–
Fixed interest rate (DIF)	76,948	79,081	79,081	–	–
Derivative financial instruments	246	190	190	–	–
	130,754	**136,584**	**92,385**	**44,200**	**–**

Fair value risk

The carrying amounts of assets and liabilities measured at fair value through profit and loss included in the statement of financial position represent the Fund's exposure to fair value risk. Fair value risk management with respect to the Investment properties and non-current assets held for sale is detailed in Note 15 and 16. Fair value risk management with respect to financial instruments which are measured at fair value through profit and loss are detailed below.

As at 30 June 2014, the Fund held the following classes of financial instruments measured at fair value:

	30 June 2014 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial liabilities measured at fair value				
Derivative financial instruments	919	–	919	–

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy. Described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

For financial instruments that are recognised at fair value on a recurring basis, the Fund determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During the year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Valuation techniques

Investment Properties

Investment properties are carried at fair value. Fair value of the properties is determined by the Directors, having regard to the independent valuations prepared by valuers with appropriately recognised professional qualification and recent experience in the location and category of the property being valued. Valuation techniques used to determine the fair values of the properties are discussed in Note 16.

Rental guarantee

The rental guarantee is measured as the present value of the expected future cash flows under the guarantee arrangements.

Derivative financial instruments

For derivatives, as market prices are unavailable the Fund uses valuation models to derive fair value. The models are industry standard and mostly employ a Black–Scholes framework to calculate the expected future value of payments by derivative, which is discounted back to a present value. The models' interest rate inputs are benchmark interest rates such as BBSW and active broker quoted interest rates in the swap, bond and futures markets. Interest rate volatilities are sourced through a consensus data provider. As such the input parameters into the models are deemed observable, thus these derivatives are categorised as Level 2 instruments.

Borrowings

The fair value of the borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Note 23: Reconciliation of net profit to net cash inflows from operating activities

	30 June 2014 $'000	30 June 2013 $'000
Net profit for the year	56,399	6,253
Adjustment for:		
Net gain on fair value of investment properties	(14,845)	(933)
Net gain on fair value of rental guarantee	(45)	–
Net loss/(gain) on fair value of derivative financial instruments	673	(213)
Amortisation of borrowing costs	265	455
Interest capitalised on related party loan	–	4,718
Debt forgiveness	(29,761)	(4,954)
Responsible Entity fee waiver	(8,627)	–
Exit fees	71	35
Changes in assets and liabilities:		
Decrease in receivables and prepayments	(136)	(1,009)
(Increase)/decrease in trade and other payables	(125)	333
Net cash inflows from operating activities	**3,869**	**4,685**

Note 24: Capital commitments and contingencies

Capital commitments as at 30 June 2014 are $0.8 million (2013: $Nil) representing make good works at 52-56 Railway Parade, Burwood. There are no contingent liabilities at 30 June 2014.

Note 25: Related party transactions

Responsible Entity

On 6 June 2014 the Responsible Entity of the Fund changed from 360 Capital RE Limited to 360 Capital Investment Management Limited, both entities are related by virtue of the fact they both have the same parent entity, being 360 Capital Property Limited. The Directors as listed in this report are the same and only Directors of both entities.

In August 2013, the custodian changed from 360 Capital RE Limited to 360 Capital Investment Management Limited. There was no change to fee rates.

Responsible Entity's fees and other transactions

Under the terms of the constitution, the Responsible Entity is entitled to receive fees in accordance with the product disclosure statements. There was no change to fees as a result of the Responsible Entity change.

	30 June 2014 $	30 June 2013 $
Fees for the year paid/ payable by the Fund:		
Management of the Fund	863,872	803,985
Exit fees[1]	70,500	34,500
Custodian fees	69,738	49,424
Fund recoveries	38,510	27,058
Total Responsible Entity fees	**1,042,620**	**914,967**
Leasing fees (capitalised)	100,467	26,796
Total fees received by the Responsible Entity	**1,143,091**	**941,763**

1 Entitlement to fees waived upon listing of the Fund.

	30 June 2014 $	30 June 2013 $
Aggregate amounts due to the Responsible Entity at 30 June:		
Exit fees – for current properties (unrealised)	–	1,422,000
Exit fees – for previously sold properties	–	1,945,366
Management of the Fund	303,655	4,669,401
Fund recoveries	37,224	1,774
	340,879	**8,038,541**

The Responsible Entity is entitled to a management fee of 0.65% per annum of the gross asset value of the Fund calculated in accordance with the Fund's constitution. The Responsible Entity has elected to charge 0.6% per annum in FY14. The management fee calculation changed when the Fund listed on 24 April 2014, up until that date the management fees were charged based on 6% of the gross rental income of the Fund.

The exit fees relate to amounts payable to the Responsible Entity upon the sale of an investment property. The amount payable is based on a percentage of the property sale price and an additional performance fee calculated in accordance with the constitution. Previous properties that were sold meant an Exit Fee was payable to the Responsible Entity, however these amounts were never paid as the Fund did not have the cash to make such payments. As at 30 June 2013, exit fees for 52 Railway Parade, Burwood, NSW and 33 Allara St, Canberra, ACT were accrued on the basis that they sold for their book values at that date. Upon listing, 360 Capital RE Limited, the Responsible Entity at the time removed its entitlement to outstanding exit and management fees resulting in a gain of $8,626,937 which was the total of amounts outstanding at the time.

Custodian fees are paid to the custodian, also being 360 Capital Investment Management Limited, and calculated in accordance with the constitution at a rate of 0.05% of the Fund's gross assets.

Transactions with other related parties

360 Capital Developments Income Fund is a related party of the Fund by virtue of the fact it has the same Responsible Entity. For details regarding the payments made during the year refer to Notes 5 and 19.

360 Capital Development Fund No.1 was wound up during the year ended 30 June 2013 and as such forgave the receivable of $4.9 million due from the Fund.

Unitholdings

Units held by the Responsible Entity and other Funds managed by and related to the Responsible Entity held units in the Fund as follows:

	30 June 2014	30 June 2013
360 Capital Diversified Property Fund		
Number of units held	264,944	87,217[1]
Interest % held	0.34%	0.001%
Distributions paid/payable by the Fund ($)	11,260	–
360 Capital Investment Trust		
Number of units held	16,675,762	–
Interest % held	21.46%	–
Distributions paid/payable by the Fund ($)	708,720	–
360 Capital Investment Management Limited		
Number of units held	2,500,000	–
Interest % held	3.22%	–
Distributions paid/payable by the Fund ($)	106,250	–

1 Units reflected on a post consolidation basis (1:1,000) which took place on 24 March 2014.

Remuneration of Directors and Key Management Personnel of the Responsible Entity

The Fund does not employ personnel in its own right however it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered the Key Management Personnel ("KMP"). The Directors of the Responsible Entity are KMP.

The Responsible Entity is entitled to a management fee which is calculated as a proportion of Gross Asset Value.

No compensation is paid directly by the Fund to Directors or to any KMP of the Responsible Entity, other than on a fee for service nature, which is disclosed below. Since the end of the financial year, no Director or KMP of the Responsible Entity has received or become entitled to receive any benefit because of a contract made by the Responsible Entity with a Director or KMP, or with a firm of which the Director or KMP is a member, or with any entity in which the Director or KMP has a substantial interest, except at terms set out in the Fund Constitution.

Loans to Directors and Key Management Personnel of the Responsible Entity

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the Directors and KMP or their personally related entities at any time during the year.

Other transactions with Directors and Specified Executives of the Responsible Entity

From time to time, Directors and KMP or their personally related entities may buy or sell units in the Fund. These transactions are subject to the same terms and conditions as those entered into by other Fund investors.

Management personnel Unit holdings

The number of units held directly or indirectly by Directors, Key Management Personnel and their related parties as at 30 June 2014 are as follows:

	Position	30 June 2013 Equity Holding	Acquisitions	30 June 2014 Equity Holding
David van Aanholt	Director	Nil	Nil	Nil
Tony Robert Pitt	Director	Nil	100,000	100,000
William John Ballhausen	Director	Nil	25,000	25,000
Graham Ephraim Lenzner	Director	Nil	Nil	Nil
Andrew Graeme Moffat	Director	Nil	Nil	Nil

Note 26: Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

			Equity Holding	
Name of entity	Country of Domicile	Class of units	30 June 2014	30 June 2013
BDIF 33 Allara Street Unit Trust	Australia	Ordinary	100	100
BDIF 33 AST 19 No. 1	Australia	Ordinary	100	100
BDIF 33 AST 19 No.2	Australia	Ordinary	100	100
BDIF 33 AST 12	Australia	Ordinary	100	100
BDL 33 Allara Street Unit Trust	Australia	Ordinary	100	100
BDL 33 Allara 12	Australia	Ordinary	100	100
BDL 33 Allara 19 No.1	Australia	Ordinary	100	100
BDL 33 Allara 10 No.2	Australia	Ordinary	100	100
Becton Canberra Trust No 2	Australia	Ordinary	100	100
BOPT Mt Gravatt Holding Trust	Australia	Ordinary	–[1]	100
BOPT Mt Gravatt Sub Trust	Australia	Ordinary	–[1]	100
BOPT 422 Lt Collins St Holding Trust	Australia	Ordinary	100	100
BOPT 422 Lt Collins St Sub Trust	Australia	Ordinary	100	100
BOPT Elizabeth Plaza Holding Trust	Australia	Ordinary	100	100
BOPT Elizabeth Plaza Sub Trust	Australia	Ordinary	100	100
BOPT Railway Parade Holding Trust	Australia	Ordinary	100	100
BOPT Railway Parade Sub Trust	Australia	Ordinary	100	100
BOPT Mahuhu Cres HT 1	Australia	Ordinary	100	100
BOPT Mahuhu Cres HT2	Australia	Ordinary	100	100
BOPT Mahuhu Crescent Sub Trust	Australia	Ordinary	100	100
BOPT Finance Pty Ltd	Australia	Ordinary	100	100
Becton Canberra Pty Ltd	Australia	Ordinary	100	100
BDIF Nominee Pty Ltd	Australia	Ordinary	100	100
ACN 062 671 872 Pty Ltd	Australia	Ordinary	100	100
Becton CMBS No. 1 Pty Ltd	Australia	Ordinary	100	100

1 These controlled entities were wound up during the year.

Note 27: Parent entity disclosures

The following details information relating to the parent entity 360 Capital Office Fund. The information presented below has been prepared using the consistent accounting policies as presented in Note 1.

	30 June 2014 $'000	30 June 2013 $'000
Current assets	4,637	2,217
Non-current assets	227,104	96,967
Total assets	**231,741**	**99,184**
Current liabilities	4,566	88,200
Non-current liabilities	86,821	44,197
Total liabilities	**91,387**	**132,397**
Issued units	338,922	189,289
Accumulated losses	(198,568)	(222,502)
Total equity	**140,354**	**(33,213)**
Net profit/(loss) for the year	27,258	(4,223)
Total comprehensive profit for the year attributable to unitholders	**27,258**	**(4,223)**

Note 28: Events subsequent to balance date

There have been no circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2014

The Directors of 360 Capital Investment Management Limited, the Responsible Entity, declare that:

1) (a) The consolidated financial statements and notes that are set out on pages 12 to 36, are in accordance with the *Corporations Act 2001,* including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

2) The Directors have received the declarations required by Section 295A of the Corporations Act 2001 by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2014.

3) The Directors draw attention to Note 1 (b) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors.

Tony Robert Pitt
Director

Graham Ephraim Lenzner
Director

Sydney
21 August 2014

Building a better working world

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Independent auditor's report to the unitholders of 360 Capital Office Fund

Report on the Financial Report

We have audited the accompanying financial report of 360 Capital Office Fund (the "Fund"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the declaration of the directors of 360 Capital Investment Management Limited, the Responsible Entity of the consolidated entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which forms part of the directors' report.

Opinion

In our opinion:

a. the financial report of 360 Capital Office Fund is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
21 August 2014

Information below was prepared as at 4 August 2014.

a) Top 20 registered unitholders:

Holder Name	Units held	% of issued units
THE TRUST COMPANY (AUSTRALIA) LIMITED <360 CAPITAL A/C>	16,675,762	21.462
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,103,776	10.430
AUST EXECUTOR TRUSTEES LTD <LANYON AUST VALUE FUND>	4,600,000	5.920
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <APN A/C>	2,710,000	3.488
360 CAPITAL INVESTMENT MANAGEMENT LIMITED	2,587,207	3.330
WYLLIE GROUP PTY LTD <WYLLIE GROUP PTY LTD A/C>	2,500,000	3.217
NATIONAL NOMINEES LIMITED	1,673,219	2.153
THE TRUST COMPANY (AUSTRALIA) LIMITED	1,562,542	2.011
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	1,415,000	1.821
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,183,136	1.523
UBS NOMINEES PTY LTD	1,048,876	1.350
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	769,725	0.991
HORRIE PTY LTD	705,475	0.908
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PISELECT>	697,517	0.898
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	650,000	0.837
BNP PARIBAS NOMS (NZ) LTD <DRP>	637,092	0.820
B & G PROPERTIES PTY LTD <POWER MANAGEMENT S/F A/C>	500,000	0.643
CITICORP NOMINEES PTY LIMITED	465,923	0.600
KIM PRADELLA PTY LTD <K PRADELLA BUS BLOOD TM A/C>	425,000	0.547
FRENGLOW PTY LTD	400,000	0.515
Total units held by Top 20 unitholders	**49,310,250**	**63.464**
Total units on issue	**77,700,118**	**100.000**

b) Distribution of unitholders:

Number of units held by unitholders	Number of holders	Units held	% of issued units
1 to 1,000	2,471	115,290	0.148
1,001 to 5,000	312	1,225,156	1.577
5,001 to 10,000	394	3,353,386	4.316
10,001 to 100,000	722	18,779,430	24.169
100,001 and over	44	54,226,856	69.790
Total	**3,943**	**77,700,118**	**100.000**

The total number of unitholders with less than a marketable parcel was 2,415 and they hold 86,067 units.

c) Substantial unitholder notices:

Name of unitholder	Date of notice	Units held	% of issued units
360 Capital Investment Management Ltd	28/04/2014	19,440,706	25.020
Trustees Australia Ltd	26/06/2014	4,600,000	5.920
First Samuel Ltd	23/06/2014	3,988,219	5.133

GLOSSARY

FOR THE YEAR ENDED 30 JUNE 2014

Term	Definition
$ or A$ or cents	Australian currency
360 Capital, 360 Capital Group or 360 Capital Group	360 Capital Property Group, the stapled entity comprising 360 Capital Investment Trust and 360 Capital Group Limited
AASB	Australian Accounting Standards Board
AFSL	Australian Financial Services Licence
A-REIT	Australian Real Estate Investment Trust
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the market operated by it as the context requires
ASX Guidelines	The ASX Principles of Good Corporate Governance and Best Practice Guidelines
Board or Board of the responsible entity	Board of Directors of the Responsible Entity
CGT	Capital gains tax
Constitution	The constitution of the Fund, as amended
Corporations Act	Corporations Act 2001 (Cth) as amended from time to time
CPI	Consumer price index
Cpu	Cents per Unit
Director/s	A director of the Responsible Entity
Distribution yield	Rate of return derived by dividing distribution per Unit by the price
Earnings yield	Rate of return derived by dividing earnings per Unit by the price
FOS	Financial Ombudsman Service
Fund	360 Capital Office Fund (ARSN 106 453 196)
Fund Investment Committee	The committee established to oversee the Fund's investments, key recruitment and policies
Fund Listing	The listing of the Fund and its Units to be quoted on the Australian Securities Exchange (ASX)
FY	Financial year (1 July to 30 June)
Gross Passing Income	The actual income being paid for a property by existing tenants
Gross Proceeds	The aggregate of all moneys (including all rent, licence fees, outgoings and all other amounts) received from tenants and other occupants and users of the real property assets (held directly or indirectly) of the Fund
Group	360 Capital Group, the stapled entity comprising 360 Capital Investment Trust and 360 Capital Group Limited
GST	Goods and services tax (Australia)
HY	Half Year (half year from 1 July to 31 December or 1 January to 30 June)
ICR	Interest Cover Ratio meaning net rent received divided by interest expense incurred on the facility
IFRS	International Financial Reporting Standards
Institutional Investors	An investor (Australian and/or non-Australian) to whom offers or invitations of financial product can be made without the need for a Prospectus or Product Disclosure Statement
Lender	NAB and Bankwest
Listing Rules	The official listing rules of ASX from time to time as modified by any express written confirmation, waiver or exemption given by ASX
LVR	Loan to value ratio meaning interest bearing liabilities divided by total property values, based on most recent external valuations
Management Fee(s)	Fee which the Responsible Entity is entitled to for its role in managing and administering the Fund
NAB	National Australia Bank Limited (ABN 12 004 044 937)
NAB Facility	The Fund's debt facility with NAB which provides secured bank debt to the Fund
NLA	Net lettable area
NPI	Net property income
NTA	Net tangible assets as per the balance sheet
NTA per Unit	Net tangible assets divided by the number of Units on issue

Term	Definition
Operating earnings	Operating earnings is statutory net profit adjusted for amortisation of incentives and leasing fees, fair value adjustments on properties and derivatives, gains/(losses) on the sale of properties, relinquishment of initial and deferred fees by the Responsible Entity and one-off costs associated with the ASX listing and other non-cash and significant items
p.a.	Per annum
Property/ies	A property or properties owned or to be owned by the Fund
Registry	Boardroom Pty Limited (ACN 003 209 836)
Responsible Entity	360 Capital Investment Management Limited (ACN 133 363 185, AFSL 340 304)
Sqm	Square metres
Unit(s)	A unit in the Fund
Unitholder(s)	The holder of a Unit
WACR	Weighted average capitalisation rate
WALE	Weighted average lease expiry
YTD	Year to date

Responsible Entity

360 Capital Investment Management Limited
ACN 133 363 185
AFSL 340 304
Level 8, 56 Pitt Street Sydney NSW 2000
Telephone: (02) 8405 8860
Email: investor.relations@360capital.com.au

Directors & Officers

Non-Executive Directors
David van Aanholt (Chairman)
William John Ballhausen
Graham Ephraim Lenzner
Andrew Graeme Moffat

Executive Director
Tony Robert Pitt (Managing Director)

Officers
Ben James (Chief Investment Officer)
Glenn Butterworth (Chief Financial Officer)
Charisse Nortje (Company Secretary)
Alan Sutton (Company Secretary)

Custodian

360 Capital Investment Management Limited
ACN 133 363 185
AFSL 340 304
Level 8, 56 Pitt Street, Sydney NSW 2000
Telephone: 02 8405 8860
Email: investor.relations@360capital.com.au

Unit Registry

Boardroom Pty Limited
ACN 003 209 836
Level 7, 207 Kent Street, Sydney NSW 2000
Telephone: (02) 9290 9600
Email: enquiries@boardroomlimited.com.au

Lenders

National Australia Bank
Level 28, 500 Bourke Street, Melbourne VIC 3000

Bankwest
Bankwest Place, 300 Murray Street, Perth WA 6000

Auditor

Ernst & Young
680 George Street, Sydney NSW 2000

Website

www.360capital.com.au

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360 Capital
Group